

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** June 23, 2008  
**POSITION:** Neutral  
**SPONSOR:** California Olive Oil Council

**BILL NUMBER:** SB 634  
**AUTHOR:** P. Wiggins  
**RELATED BILLS:** AB 2079

### **BILL SUMMARY: Olive Oil**

This bill would clarify the definition of olive oil; repeal current licensure requirements; conform olive oil definitions, grades and labeling requirements to international standards; authorize the addition of vitamin E to specified olive oils; permit a consumer to re-use a clean olive oil container, can, or drum; and, make legislative findings and declarations.

### **FISCAL SUMMARY**

This creation of new standards would result in a minimal amount of new workload for DPH staff when they review product labeling. Since the workload associated with this requirement is minor, the cost can be absorbed within existing resources. The elimination of the olive oil licensing requirement would not have any fiscal impact since the Department of Public Health (DPH) has no position or expenditure authority related to these activities, and receives no revenue from the licensing.

### **COMMENTS**

The Department of Finance is neutral on this bill. This bill would conform olive oil definitions, grades and labeling requirements to international standards. Although the clarification of the definition of olive oil would create a minimal amount of new workload for the DPH, the workload associated with this requirement is minor and the cost can be absorbed within existing resources.

This bill is intended to assist consumers in evaluating quality and price, facilitate export of California olive oil, and spur adoption of national standards. According to the author's office, the state definition of "olive oil", does not include "extra virgin olive oil" nor does it include other common olive oil grades identified by the International Olive Council (IOC) or flavored oils that are increasingly popular with consumers. This bill would update California statute to conform to current international standards.

Analyst/Principal (0543) J. Kapoor	Date	Program Budget Manager Michael Wilkening	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved_____
			Position Disapproved_____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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## **ANALYSIS**

### **A. Programmatic Analysis**

**Current Law:** Olive oil is defined as edible oil obtained from the fruit of the olive tree (*olea europea*). Imitation olive oil is defined as a mixture of any edible oil artificially colored or flavored to resemble olive oil. The DPH enforces various provisions of existing law regarding the manufacture, blending, production, and sale of olive oil. The DPH also issues license to package, manufacture, or distribute olive oil. Current law makes it a crime to manufacture, sell, offer to sale, give away, or possess imitation olive oil. However, olive oil can be blended with other edible oil if the blend is not labeled as olive oil or imitation oil, and if the contents and proportions of the blend are prominently displayed on the container's label. It is unlawful to reuse any olive oil container, can, or drum for repackaging any fixed oil intended to be used for human consumption.

**This Bill:** This bill would clarify that the definition of olive oil is the edible oil obtained from the fruit of the olive tree (*olea europea*) to the exclusion of oils obtained using solvents or re-esterification processes and of any mixture with oils derived of other kinds except in the making of flavored olive oil.

This bill would provide that olive oil grades shall be in the following order of quality:

- Virgin olive oils;
- Olive oil;
- Refined olive oil;
- Olive-pomace oils.

This bill would define flavored olive oil as extra virgin olive oil, virgin olive oil, or olive oil that is mixed with a flavoring, or olives that are processed into oil with any fruit, vegetable, herb, nut, seed, or spice, and the resulting product from either process contains no less than 90 % extra virgin olive oil, virgin olive oil, or olive oil, and is labeled for sale as an olive oil that has been flavored. This bill would specify that it is not unlawful to manufacture, sell, give away, or possess flavored olive oil if it is labeled as such.

This bill would provide that alpha-tocopherol (vitamin E) may be added to refined olive oil, olive oil, refined olive-pomace oil, and olive-pomace oil to restore natural tocopherol lost in the refining process.

This bill would repeal provisions relative to the licensing of olive oil packagers, manufacturers or wholesale distributors where the person's name and address will appear on containers as the only California addressee. This bill would also repeal the provision prohibiting the use of any artificial color or flavor in the manufacturing or blending of olive oil.

This bill would provide that all records of those engaged in operating olive oil, concerning the amounts produced, purchased, sold and distributed, shall be open to inspection upon demand of the DPH or its agents. This bill would specify that consumers may fill clean containers of olive oil from sanitary dispensers at retail outlets.

**Discussion:** This bill is intended to assist consumers in evaluating quality and price, facilitate export of California olive oil, and spur adoption of national standards. According to the author's office, the state definition of "olive oil", which has not changed since 1947, does not include "extra virgin olive oil," which is the grade of nearly all California-produced olive oil, nor does it include other common olive oil grades identified by the IOC or flavored oils that are increasingly popular with consumers. This bill would update California statute to conform to international standards.

### **B. Fiscal Analysis**

This bill would establish new standards which would create a minimal amount of new workload for the DPH when reviewing product labeling (0.25 to 0.50 hours per processor). Since the workload associated with this requirement is minor, the cost can be absorbed within existing resources. The elimination of the olive oil licensing requirement would not have any fiscal impact since the DPH has no position or expenditure authority related to these activities, and receives no revenue from the licensing.

(3)  
**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

<b>AUTHOR</b>	<b>AMENDMENT DATE</b>
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**Form DF-43**  
**BILL NUMBER**

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**RELATED BILLS**

AB 2079 (Emmerson, 2008) would repeal the requirement that DPH issue a license to any person who engages in the packaging or manufacture of olive oil, or in the wholesale distribution of olive oil, as specified, and repeals the requirement for DPH to issue a nontransferable license, free of charge, to qualified applicants.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
4265/PublicHealth	SO	No		-----	No/Minor Fiscal Impact	-----			0001